

Parts Manager Questions

Have your parts manager answer the **78** questions found in this zip file. Confer and provide suggestive actions. **(50 points) Provide your answers in a different color font.**

1. How often is your dealerships source pricing levels reviewed for competitive maintenance and heavy repair? **This is a continuous process. More commonly with our road sales reps as they are met with competitive pricing daily.**
2. Compare the pricing policies in the parts department and see how competitive your Dealership is within your area. **The only gauge we have at this point in time is our parts sales reps, internal and on the road. We may have to look into this further. Most dealers in this area will not share this information openly.**
3. Verify with the use of market surveys on selected parts prices in your area as to whether you are competitive with others. You don't have to be the lowest to sell more, but too little or too much profit can keep you from being competitive. **Again, we may have to do this moving forward, but up until now the customers are the best gauge we have.**
4. Does the computer system you have follow one or more of the pricing guides for various types of customers? Review the pricing structure with the manager and determine areas of profit potential. Policies in wholesale, retail counter, service department, employees, etc., need to be established. **Yes. One of the areas we have determined as an area of profit potential is internal parts. We have agreed to increase margins quarterly until we reach the desired level. This was one of the take aways from parts ops week.**
5. Do you have in place policies and DMS controls (via Exception or Deviation Reports) to prevent counter people from changing the pricing structure during daily transactions? What about Service Advisors? **Our parts counter people have the ability to discount parts pricing, however the parts manager receives a daily report so this is monitored. Service advisors do not have access to change pricing. No plans to change at the moment, as long as the Parts manager continues to monitor daily.**
6. Is there a process followed to prevent the costing of parts at other than the established factory (OE) cost within the dealership when parts are placed into the inventory? (done through the use of +/- inventory adjustment account(s)) **Yes. Only managers are allowed access to price changes.**
7. Regardless of parts cost (due to various sourcing opportunities (Jobber/Wholesale Distributor), are they all costed at the same factory price to maintain accurate inventory value? **Yes**

8. How are discount purchases tracked in the system to show additional profit based on the cost of the part from a particular source other than factory price? [The discount is taken into gross profit at time of purchase.](#)
9. Do you have an internet presence for your parts department? [Yes. Website, VolvoMB Select, Social media, etc.](#)
10. What type of merchandising programs do you have in effect? What is the relative cost versus sales generated as a result of the programs? [Yes. We have monthly flyers which are mailed out and promoted via e-mail, internet. We do not accurately track the cost vs. sales generated at this time. Looking into this for the future.](#)
11. Is an outside salesperson active in your parts department? Are the sales at a level that “pays” for the employee or could the accounts be maintained on a part-time basis by the manager? [Yes. We have 2 outside sales people currently. The sales well surpass the cost of having the outside sales people. \(Gross in Nov./2018 for the 2 outside sales reps was \\$160,000\)](#)
12. Do you have factory merchandising dollars available, and if so, how much of those dollars have been spent year-to-date by the dealership? What must be done to qualify for more expense sharing in merchandising by the factory and the dealership? [Yes, we do have merchandising dollars available. Volvo monitors quarterly. We have hit in Q1, but not in 2, 3, and we are behind in 4. We need to purchase more product from the factory. For Q4 we are forecasted to be \\$300,000 shy in order to receive \\$25,000 merchandising dollars. Will not happen.](#)
13. With the growing use of mobile smartphones by customers do you have a mobile ready website? [Our website is definitely mobile ready.](#)
14. Do you periodically check your online internet Parts coupons? How often are they checked? How often are they updated? [We do not have coupons on our website. Volvo has on their Volvo MB website. Checked regularly and updated monthly by Volvo.](#)
15. Pay plan reviews should be made at least on a monthly basis. When has a comparison been made between departmental gross profit and the personnel expenses for the department? Is the current sales level providing a sufficient profit for the pay levels established for the parts employees? [Our plans are reviewed on an annual basis and adjusted accordingly. However, they do get looked at monthly as a substantial portion of the monthly salary is based on profit sharing of parts gross profit.](#)
16. Does the parts department actually seek additional revenue or “live off” the sales of the service department only? If not why not? [Yes, our parts department does seek additional revenue. On average our non service parts sales are double of the service parts sales.](#)
17. Is a program set up to sell accessories to the customer in the sales department as well as the parts area of the dealership? If not, are you leaving potential sales and gross profit on

the table? Yes, we do have accessory displays in the sales department and we do have a large well stocked parts showroom as well.

18. Do you review wholesale customers weekly to see if parts sales dollars per customer and returns justify the expense of conducting business with them? For example, delivery 30 miles out of town to a customer ordering \$300 a month of parts at Cost+20% may not justify the delivery service. Our parts delivery service is in city only and on a set route. Our outside sales reps deliver while on service calls. Anything that falls outside of this scope is the responsibility of the customer.
19. Do you study your wholesale market opportunity with the dealership's area of influence? Who's the major player and can you unseat them? Can you make a difference against your competition? Can you deliver 2-3 times a day? Within what mileage radius? Yes, our sales people do study the area of influence. We are very competitive in our area and we can deliver 2-3 times a day within the city limits.
20. Who verifies the "wholesale" customer applications to make certain they are really true wholesale customers? Are your state Tax-ID/Wholesale Certificates current (within the last two years?) Does not apply to Canada.
21. Discuss monthly expense control with the parts manager and identify specific areas under the manager's control. If expenses are allocated and not charged on a controlled basis, consider basing pay programs on sales or gross rather than net profit as part of the plan. Our current plan does pay on the net profit for managers. Currently in review for 2019. However the staff IS currently paid based on gross.
22. Who determines credit approval for parts customers and what screening system is applied? Who follows the receivables list in a timely manner to make certain payment is made by the customer without exceeding the account limits? We have an accounts receivable manager who monitors all of the above.
23. Is the financial statement for the parts department given to the manager and discussed on a weekly/monthly basis? The financial statement is given to the managers and discussed monthly.
24. What are the special parts ordering policies for SORs? Where is it written and posted? When was it reviewed and what level of management approved it? We do not have a special parts ordering policy for SORs. Will review in the new year.
25. Do you require 100% pre-payment on these parts? Do you differentiate between Counter Retail/Wholesale and Service RO? No we do not require pre-payment.
26. What time is set to retain these parts and then initiate a return? Is a return charge made on customer pay parts that are returned because the customer did not return for them within a time limit? 30 Days. We do not charge a return fee.

27. Who are the parties that are involved in the SOP process start to finish? [Parts Person, Inventory manager, parts receiver.](#)
28. Are special order forms completed in a legible manner so that the customer information can be read? [Yes, they are done through the DMS system.](#)
29. Where are special order parts for the service department located? Who notifies the customer the part is in, and who determines when to send the parts back if no response is made by the customer? Is anyone designated to follow up on SOP's, the lack of return? [They are located in a bin close to the service department. Service adviser notifies the customer they are in. Inventory tracks the time line. Service advisor is in charge of follow up.](#)
30. See if special order parts are carried in a separate section of the parts inventory to maintain control. Or they inserted into the regular inventory? [They are carried in a separate section.](#)
31. Who administers and controls the Purchase Order system (DMS/book)? What dollar amount of fixed asset purchase can be made without approval above parts management level? Who sets and monitors these \$\$ levels and total open PO's and open PO \$'s? [Parts manager controls the Purchase Order system. We do not currently place a dollar amount limit. However, Dealer Principal and General Manager keep a very close eye on inventory levels.](#)
32. Does anyone other than the parts manager have direct purchasing authority from outside vendors? Who oversees the Parts Manager? (Double signatures, Perusing the Parts Dept. purchase invoices) [Yes, all parts counter staff. We do not require double signatures, or overseeing for purchase invoices. Our Parts Manager has control.](#)
33. Who established internal parts pricing policies? Are all internal purchases centralized and run through the Parts Department for control purposes? [Dealer Principal/General Manager. Mostly. Service Department buys some shop supplies directly.](#)
34. Does the value of the parts inventory on the parts computer exceed, or is it less than, the financial statement dollar amount? (Monthly Reconciliation Exercise) [The parts inventory value on the parts computer exceeds the financial statement.](#)
35. If the accounting inventory value is higher than the parts computer, look for the parts inventory missing items (uncontrolled inventory). (Monthly Reconciliation Exercise) [Its not.](#)
36. If the accounting inventory value is less than that of the parts inventory value does this indicate an abnormal condition? (If not, why?) (Monthly Reconciliation Exercise) [It is not abnormal. Packing slips that haven't been invoiced yet.](#)

37. If LIFO is used, when inventory value is used to calculate days' supply, etc., the actual value should include the LIFO reserve. [Does not apply to Canada.](#)
38. Is there an employee responsibility to function chart as was discussed in class? Are there specific inventory transactions (Grading, Ordering, Receipting, Posting, Adjustments, Bin Count Inventory, Returns, Cores/Dirty Cores) assigned to each of the employees in the parts department? (Functions vs Employee Exercise) [We do not have an employee responsibility to function chart. However, our staff is well versed on their responsibilities. This may be something we can develop moving forward.](#)
39. Who controls the training programs for the parts employees? When was it last reviewed? Is it part of a yearly review with the employee and is it part of the employee's pay plan? [Parts manager reviews training levels and requirements regularly. Training is not part of the pay plan.](#)
40. Are records kept of the training for each person and when did someone last take online DMS refresher training? Parts Catalog training? OE/Manufacturer specific training? [Parts Manager does keep records of training. Training takes place regularly. Volvo has recently announced a new online training path relating to parts departments that will be available in January for all parts staff including the manager.](#)
41. Has your Parts Manager ever taken a departmental Financial Management class like the ATD Academy? When was the last time they attended any formal Parts Management training? [Yes. Last time formal training was attended was 3 years ago. However, we are in the midst of a new Parts Manager starting Jan 2, 2019 as current manager is retiring in March. New Parts manager is registered for a May Parts class hosted by Volvo/ATD.](#)
42. A computer system diagram with specific terminal equipment positions should be made and a flowchart of work routine should be made. Determine if the equipment meets daily needs and if the equipment is in the right locations. Is the volume of business at a level that requires more system hardware, or does it require less? [Yes we did this exercise. We are in the position where we currently require more equipment. Our Dealership Management is on board and we are in the process of running the infrastructure to accommodate the additional equipment.](#)
43. How much of the replenishment/daily order is manually adjusted? Does it exceed 10%? Who makes the stock replenishment changes, and what are the reasons for the majority of those adjustments? When was it changed last and by whom? [The manual adjustments are at a minimum, definitely below 10%. Our Parts Manager and Inventory Manager look after this. Mainly to replenish stock parts on back order at our facing PDC.](#)
44. Is the trend of those changes in question #42 a positive or negative trend? [Positive due to growth](#)

45. What is the percentage of stock order from the factory versus outside purchase (emergency purchases)? [Currently we are 27% emergency which would leave stock at 73%](#)
46. Where are the computer-generated management reports printed and stored are they used on a daily? (CDK MGR Report) How are the management reports utilized? [The DOC is run daily by the Parts Manager. Also, parts manager runs multiple reports \(Parts price override, negative on hand, core credits issued, etc.\)](#)
47. Is the DMS Summary used to track inventory trends? When will you incorporate the DMS Scorecard that you learned about in class? Are there areas on the DMS scorecard that you couldn't find and if so who at the DMS is helping you to find those answers?
48. How often is your Parts Inventory adjusted for errors in part value or part quantity? (Moments in Time) [Daily](#)
49. Have the fifty most active parts numbers been checked for parts bin count accuracy? (Moments in Time) [No](#)
50. Are the transactions for each day reviewed by the parts manager to make certain that any adjustments made (plus or minus) are accurate? [The Parts Manager is usually the one making these adjustments.](#)
51. Have you given the Lost Sale Quiz to the parts Manager and Counter-people? Others in the dealership? [Yes](#)
52. Are true lost sales being tracked in your DMS? Who can log a Lost Sale? [No we do not currently track lost sales](#)
53. Who reviews the Lost Sales? When are they reviewed? [N/A](#)
54. Are emergency ordered part numbers reviewed to see if they qualify to be phased in? Is the Test/Non Stock/Watch feature of the computer system utilized to test which parts to stock (Phase In)? [We use Volvo LPA which monitors this for us.](#)
55. What demand history does it take to place a part on the inventory stock order or in inventory? Time limit and quantity are generally managed by Vendor Managed Inventory systems? [Depending on cost and orders. This is managed by the Vendor Managed Inventory system LPA. \(eg. Cost less than \\$150/2picks per year\)](#)
56. What is your Compliance % level for your inventory with your Vendor Managed Inventory, RIMPRO? [99.6%](#)
57. Are all parts sold by the department placed in the Parts inventory and then sold from the inventory? Do you stock any items that aren't in your inventory (Shop supplies, get

ready, bulk fluids like washer solvent)? [Everything is sold out of inventory. We do not stock any non-inventory items.](#)

58. Are the procedures for shipping and receiving written or all verbal? Who's responsible for reviewing and updating these policies and procedures? [These procedures are all verbal. The Parts Manager is responsible for reviewing.](#)
59. Who files damage claims on parts shipments received? [Our inventory Manager](#)
60. Who receives parts orders, and how are they received? Is the original stock order transmitted to the factory cross-checked? What do you do about discrepancies? [We have a parts receiver who receives all incoming orders. Cross checking and discrepancies are both handled by our inventory manager.](#)
61. At a minimum, is perpetual inventory verification done in conjunction with a physical inventory on a yearly basis? [Yes](#)
62. Who applies and loads the monthly price updates? [IT manager loads this into the system.](#)
63. Are parts cost adjustments (monthly price updates, bin count irregularities and emergency purchases at more or less than OE cost) tracked by someone in the dealership or is a periodic inventory adjustment method utilized (like once a year)? [Periodic Inventory Adjustment \(Once a year\)](#)
64. What adjustments were required after the last physical inventory to the dollar value, etc., of the inventory?
65. Are all obsolete parts that are on the inventory physically in the store? [Yes](#)
66. Are they separated into a special area to be controlled and tracked for sales history? Separate source? Change bin location by adding a J for easy identification by counter persons? [Separate source. They are all bin located.](#)
67. Who verifies the completion of the repair orders between the first and second month they are reported in the work-in-process status? [Service Manager](#)
68. Do the Parts, Service and Body Shop Managers along with the Office Manager/Controller together follow up on all Work in Process (WIP) tickets and verify that they are closed out in a timely manner? [Yes](#)
69. Is a daily operating report of sales, gross profit etc., being provided to the parts manager for review by him (DOC)? [Yes as answered previously](#)
70. What is the months' supply of the inventory? Does this match the students calculations found in their FS Parts Excel template? Are too many parts stocked in the inventory based on this calculation?

71. What is the true turn of the inventory? Does that match the students calculations found in their FS Parts Excel template?
72. Is the inventory area large enough for the current level of business? Answers to this question can be obtained when the student does the FTFR (First Time Fill Rate) exercise.
73. Where are the Dealership's policy and procedures manuals located and who handles the review with the manager and his employees? Who has verified that the manual is located in an area that allows for easy access? [We do not currently have policy and procedure manuals.](#)
74. Is your Parts Department locked up each night? Who has keys? [The Parts Department is open as long as the dealership is open. When the dealership is closed it is locked up.](#)
75. Do your Counter-people have a cash drawer? Who balances the drawer? [We do have a cash drawer which is balanced by the accounts receivable manager.](#)
76. Is there a policy in place for overages for the cash drawer/balancing?
77. Do you have security cameras in the Parts Department? Who has access to the tapes/CD/backup? [Yes we do have cameras. Management has access to the backup.](#)
78. What one thing can your organization do to help you do your job better? [Add the additional computer equipment to compliment the growth in parts sales. This is currently in the works already.](#)